

MEMORANDUM OF AGREEMENT

5 SEP 1991

BETWEEN

THE U. S. ARMY MATERIEL COMMAND AND THE U. S. ARMY CORPS OF ENGINEERS

SUBJECT: Contracting for Highly Complex, Industrial Modernization Projects

1. GENERAL.

a. Background. Due to increasingly complex and costly nature of industrial, systems type modernization projects, a Memorandum of Agreement (MOA) between the U.S. Army Materiel Command (AMC) and the U.S. Army Corps of Engineers (USACE) is necessary to provide a systematic methodology for increased management control and innovative contracting strategies.

b. Purpose. The purposes of this agreement are:

(1) Implement innovative contracting strategies to effectively utilize the combined expertise of AMC and USACE.

(2) Establish a methodology to integrate facility, process, and equipment throughout the planning, design, procurement, construction, and prove out phases of the project.

(3) Strengthen the management of complex major modernization projects.

c. Scope.

(1) This agreement is between AMC and USACE, including all subordinate commands, installations, divisions, and districts and also the Office of the Assistant Chief of Engineers (OACE). This MOA provides a basis for joint project management by AMC and USACE to support AMC's industrial modernization programs using appropriations from Production Base Support (PBS); Military Construction, Army (MCA); Research, Development, Test, and Evaluation (RDT&E); and/or Operations and Maintenance, Army (OMA) accounts. Projects that are predominately conventional construction (i.e., barracks, administrative facilities, etc.) will be managed under normal design and construction procedures and not under this MOA.

(2) This MOA applies to projects that involve multiple technologies and require extensive integration of equipment, process controls, information systems, and facilities which require a dedicated systems management structure to ensure successful completion.

d. Applicability. Using the criteria of paragraph 1.a. above, the AMC Deputy Commanding General affected and the HQUSACE Director of Military Programs shall jointly select projects for management under this MOA.

2. CONCEPTS. The nature of the complex industrial facilities requires that the capabilities and skills of AMC and USACE be utilized in a variety of non-traditional manners to best serve the needs of the Government. AMC is the functional owner and responsible for insuring successful execution of all phases of the project.

a. Contracting Officer responsibilities for the projects managed under this MOA shall be determined as part of the Acquisition Strategy by joint agreement of AMC Deputy Commanding General and HQUSACE Director of Military Programs. The selection of Contracting Officer shall be based on the nature of the project and capability of the AMC and USACE organizations to best serve the interest of the Government.

b. Where USACE is designated Contracting Officer (CO), AMC will be given Contracting Officer's Technical Representative (COTR) authority, as appropriate, for the process equipment portion of the contract.

c. Where AMC is designated as CO, USACE will be given Contracting Officer's Representative (COR) authority to manage the facility design and construction portion of the contract as part of the AMC/USACE team.

3. RESPONSIBILITIES.

a. AMC responsibilities:

(1) AMC will be responsible for the following for all projects:

(a) Overall program management and control.

(b) Designation of an AMC office/person as Systems Integrator (SI).

(c) Total integration of equipment, process, and technology.

(d) Preparation of Configuration Control Plan.

(e) Participation in the development and final approval of project specific Project Management and Acquisition plans.

(f) Formal program tasking to USACE.

(g) Definition of program performance requirements and specifications.

(h) Preparation of program schedules and establishment of major milestones with input from USACE.

(i) Process and equipment selection and surveillance of the design, construction, training, start-up, prove out, and operation.

(j) Approval of studies, criteria, designs, and site selection.

(k) Acquisition of National Environmental Protection Act (NEPA) documentation and all permits.

(l) Congressional and programming actions for PBS, RDT&E, and/or OMA funds, including AMC funded design and project support requirements.

(m) Project acceptance.

(2) In addition to responsibilities in paragraph 3.a.(1), AMC will also be responsible for nomination of personnel for COTR and perform COTR responsibilities for equipment and process technical requirements in support of USACE when USACE is CO.

(3) In addition to responsibilities in paragraph 3.a.(1), when AMC is CO, AMC will also be responsible for:

(a) Initiation of request to Secretary of Defense through USACE requesting waiver of Title 10 U.S. Code 2851 for Executive Design and Construction Agent for a military construction project.

(b) Initiation of request for waiver of Architectural Federation Acquisition Regulation (AFAR) for Architect-Engineer contracting authority when required.

(c) Preparation of Acquisition Plans with coordination by USACE.

(d) Appointment of USACE COR(s) for design and construction management of the facilities portion of the project.

(4) Where AMC is approved by the Secretary of Defense pursuant to Title 10 U.S. Code 2851 to be Executive Design and Construction Agent to bear the responsibility for direction and supervision of a military construction project, AMC shall be the responsible Contracting Officer for the entire project (i.e., equipment and process procurement; as well as facility design and construction, prove out, training, and operation.)

b. USACE responsibilities:

(1) USACE will be responsible for the following for all projects:

(a) Coordinating integration of facilities and supporting infrastructure with process, technology, and equipment.

(b) Designation of a USACE project manager as focal point for USACE.

(c) Coordination with AMC on project management plans and contract acquisition plans.

(d) Design and construction quality assurance management as identified in the Project Management Plan.

(e) Implementation of program schedules and milestones to include cost and schedule reporting.

(f) Providing engineering and construction contract support and services.

(g) Congressional programming actions for MCA funds, including MCA design and MCA project support in accordance with AR 415-15.

(2) In addition to responsibilities in paragraph 3.b.(1), when USACE is CO, USACE shall be responsible for the following:

(a) Contracting Officer for total project.

(b) Developing Project Management Plans and Acquisition Plans and final approval of Acquisition Strategy.

(c) Appointing AMC personnel as COTR, as needed, for assistance on process and equipment portion of project.

(d) Conducting all litigation, bid protest actions, and contract claims and appeals applicable to the contract(s).

(3) In addition to responsibilities in paragraph 3.b.(1), when AMC is CO, USACE will be responsible for the following:

(a) Coordinating/processing waiver of Title 10, U.S. Code 2851 and/or AFAR for AMC to be identified as Executive Design and Construction Agent.

(b) Nominating personnel for COR responsibility for design and construction management.

(c) Providing technical support to AMC Contracting Officer in all litigation, bid protest actions, and contract claims and appeals on facilities portion of contracts.

4. PROJECT ACQUISITION.

a. The contract type selected for the acquisition of the project shall be identified in the acquisition strategy. The acquisition strategy shall be a coordinated effort by both AMC and USACE organizations to select the best contract type for the particular project.

b. Configuration Control and Changes. A formal Configuration Control Plan will be established in accordance with MIL-STD-1465.

c. System Prove Out and Acceptance. Final acceptance of the completed facility will be the AMC responsibility. The CO has the responsibility for determining when the contractor has satisfied the terms of the contract.

5. ORGANIZATION AND FUNCTION.

a. Management Organization. A separate office, Systems Integration Team (SIT), will be established to provide dedicated management of the project. AMC will identify a single point of contract known as the Systems Integrator (SI) and he will chair the SIT. USACE will identify a USACE Project Manager to join the SIT as the USACE single point of contact/interface between AMC and USACE. Organization chart is at enclosure 1.

b. Management and Execution. Participative management by both parties will facilitate appropriate visibility and ensure equitable sharing of assigned responsibilities for program activities. The Systems Integration Team will develop a project specific Project Management Plan to address the particular project being managed. The Project Management Plan will define the roles and authority of each participating organization.

c. Management Oversight. Project/program management will be based on life-cycle project management concepts emphasizing Systems Integration and will be formalized through a system of working groups. These groups are established at several levels with the mutual objective of completing the project/program on time, within available funds, and meeting the functional needs of the user. Project specific detailed operating procedures should be developed and included as an Appendix to the Project Management Plan. The following working groups will be implemented:

(1) Systems Integration Team (SIT). The SIT is the primary organization responsible for ensuring integration of activities of all agencies involved with the planning, construction, management, equipment selection, procurement, installation, activation, and execution of the project. The SIT will review and resolve mutual acquisition management issues delegated to the participants. The SIT provides the first level of management in daily problem solving. Any issues that cannot be resolved will be forwarded to the Executive Review Group (ERG).

(a) The SIT is a joint AMC/USACE team that provides day-to-day program and contract oversight management. AMC and USACE MSCs shall support the SIT in a matrix management format for functional needs of the SIT. AMC will appoint an AMC Project/Program Systems Integrator (SI) who will operate as the AMC Program Manager, and chair the SIT. USACE will appoint a Project Manager who will provide overall project review and management for USACE and act as the point of contact for AMC and USACE interface.

(b) Once convened, the SIT will prepare a project specific Acquisition Plan, Management Plan and a Configuration Control Plan for their respective project. This effort will be followed by development of the performance requirements, project time constraints, and submittals required from the Systems Contractor.

(c) Once the broad project parameters are established, the SIT will be responsible for the complete process systems, the application of new technologies, interface of site and facility designs, and all related information system/automated data processing requirements.

(d) For the duration of the project, the SIT will be responsible for:

(1) Defining project schedules and milestones.

(2) Defining project costs, providing cost control, and securing appropriate funding when needed.

(3) Evaluating and approving the submission requirements of the Systems Contractor (SC) to ensure the end product conforms to the solicitation.

(4) Reviewing the SC progress periodically via formal project meetings to assess the suitability of the SC development/execution, the timeliness of the effort and the cost constraints.

(5) Evaluating and approving all studies and designs for all project elements.

(6) Identifying interfacing requirements between the SC and the selected installations.

(e) Overall financial control of the program rests with the SIT. Release, utilization, and reporting of multi-appropriation projects will be performed in accordance with AR 37-100-XX. MCA funding shall be provided

by normal MCA procedures including funding of all administrative tasks in support of MCA work associated with this MOA. MCA Planning and Design funds shall be provided via USACE. AMC will provide PBS, RDT&E, and/or OMA funding required to accomplish AMC related tasks, to include support of the management concept described herein. USACE project management cost shall be charged at the current flat rate for Supervision and Administration for the Military Construction portion of the project. Technical support costs for AMC efforts will be estimated by AMC and separately identified in the appropriate programming/funding documents. Cost control will be maintained through the Configuration Control Board process. User generated changes will be justified by the AMC SI, and construction generated changes will be justified by the USACE Project Manager.

(2) Executive Review Group (ERG). The ERG is the quarterly management level organization responsible to provide executive review and guidance to assure all organizations and activities provide a usable project, on time and within budget. The ERG provides executive level guidance and management. Project specific detailed operating procedures for the ERG should be developed as an Appendix to the Project Management Plan. Recommended composition is: AMC MSC Commander and the USACE Division Engineer as cochairmen. The project data and status will be presented by the SIT.

(3) Executive Line Item Review Group (ELIRG). The ELIRG shall meet semiannually to review the status of all projects/programs under management of this MOA. The ELIRG shall utilize the USACE Project Management reporting system to present project status. The status of projects will be presented by the Division Engineers and AMC SIs. The ELIRG shall be cochaired by the appropriate AMC Deputy Commanding General and USACE Director of Military Programs.

6. LESSONS LEARNED. A joint AMC/USACE Lessons Learned Program will be implemented to rapidly disseminate experiences gained in design, construction, test and operations of projects. This action will facilitate technology transfer between programs and significantly contribute to saving time and cost in overall project execution.


7. EFFECTIVE DATE, AMENDMENT, AND TERMINATION.

a. This MOA becomes effective on the date of the latest signature.

b. Parties to this MOA will meet at the request of either party to review its provisions. Necessary additions or changes will be in writing and signed jointly by all parties.

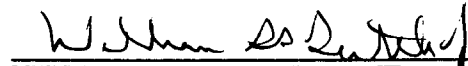
c. This MOA remains in effect until superseded or terminated by mutual agreement, in writing. Either party wishing to terminate this MOA will submit written notification 60 days prior to the effective day of termination.

Encl



H. J. HATCH
Lieutenant General, USA
U.S. Army Corps of Engineers

31 Aug '91
Date



WILLIAM G. T. TUTTLE, JR.
General, USA
U.S. Army Materiel Command

6 Sept 1991
Date

TYPICAL ORGANIZATIONAL CHART

